

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS  
MEETING MINUTES**

**Tuesday, December 18, 2012**

**22560 SW Pine Street, Sherwood, Oregon 97140**

**WORK SESSION:**

- 1. CALL TO ORDER:** Chair Keith Mays called the work session to order at 6:05 pm.
- 2. BOARD PRESENT:** Chair Keith Mays, Dave Grant, Bill Butterfield, Matt Langer, Robyn Folsom, Linda Henderson and Krisanna Clark.
- 3. STAFF PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier, City Building Official Scott McKie, City Engineer Bob Galati, Public Works Director Craig Sheldon, Community Development Director Julia Hajduk, Finance Director Craig Gibons, Police Chief Jeff Groth, Community Services Director Kristen Switzer, Administrative Assistant Colleen Resch and Agency Recorder Sylvia Murphy.

**4. TOPICS DISCUSSED:**

- A. Sherwood Community Center/Machine Works Building:** City Engineer Bob Galati briefed the Board on the current condition of the building and failing trusses. Discussion occurred and City Building Official Scott McKie answered Board questions. Mr. Galati explained shoring-up of trusses and associated costs. Mr. Galati explained the teardown process, building contaminates and costs associated with teardown. Discussion occurred with timeline for demolition of building. Brief discussion occurred regarding the condition of other potentially dangerous city owned buildings, Building Official McKie indicated he was not aware of any.

Assistant City Manager Tom Pessemier provided information (see record, Exhibit A) on options to remodel existing building and associated cost estimates and briefed on costs associated with a new building. Tom explained the URA maximum indebtedness and recapped URA projects and costs associated with those projects. Discussion followed.

City Engineer Bob Galati provided information on bid estimates received today for the Down Town Streetscape Project and lowest bid received in comparison to Engineers estimate. Discussion followed.

Tom Pessemier recapped SURPAC's project priorities as listed in the handout (Exhibit A). Discussion followed.

**5. ADJOURN:**

Chair Mays adjourned the work session at 6:55 pm and convened to a City Council meeting, followed by a regular URA Board session.

## **REGULAR URA BOARD MEETING**

1. **CALL TO ORDER:** Chair Keith Mays called the meeting to order at 7:45 pm.
2. **BOARD PRESENT:** Chair Keith Mays, Dave Grant, Bill Butterfield, Matt Langer, Robyn Folsom, Linda Henderson and Krisanna Clark.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier, City Building Official Scott McKie, City Engineer Bob Galati, Public Works Director Craig Sheldon, Community Development Director Julia Hajduk, Finance Director Craig Gibbons, Police Chief Jeff Groth, Community Services Director Kristen Switzer, Civil Engineer Jason Waters, Accounting Manager Julie Blums, Public Works Director Craig Sheldon, Administrative Assistant Colleen Resch and Agency Recorder Sylvia Murphy. City Attorney Paul Elsner.

Chair Mays addressed the Consent Agenda and asked for a motion.

### **4. CONSENT AGENDA:**

#### **A. Approval of November 14, 2012 URA Board Meeting Minutes**

**MOTION: FROM LINDA HENDERSON TO APPROVE THE CONSENT AGENDA, SECONDED BY ROBYN FOLSOM. MOTION PASSED 7:0, ALL BOARD MEMBERS VOTED IN FAVOR.**

Chair Mays addressed the next agenda item.

### **5. NEW BUSINESS:**

#### **A. URA Resolution 2012-025 Authorizing the City Manager to award a construction contract for the Downtown Streetscapes Phase 2 Improvements Project**

Civil Engineer Jason Waters came forward and informed the Board that staff received and opened 9 bids this afternoon and said all are fairly lower than the engineers estimate of \$1.7 million and after review of the bids staff selected K&E Excavating Inc. of Salem, which was the lowest responsive bidder at \$1,186,156.50. Jason stated the next lowest responsive bid was Kerr Construction with a bid difference of approximately \$120,000. Jason informed the Board that K&E has completed several similar sized projects and some larger projects and offered to name the projects. Jason informed the Board that the allotted budget, which is in the adopted budget, is \$1.7 million without contingency and up to \$2.1 million with contingency. Jason stated the project is funded through a URA loan and street funds and said the general idea is that the street and utility funds would reimburse the URA loan as they become available. Jason stated if the resolution is adopted today staff expects to have the contracts executed in early January and expects to issue the notice to proceed around January 21<sup>st</sup> and expects to have substantial completion in time for Cruis'in Sherwood. Jason explained "substantial completion" does not mean 100% complete, it means usable by the public. Jason stated punch list repairs will occur in June with wrap up in July and hopes to have final acceptance by the end of July 2013.

Jason stated staff is recommending approval of the resolution after amending the resolution to include the name of the contractor and their base bid amount and said the areas to be amended are highlighted in yellow. Jason stated the amendment would be to add the contractor name of K&E Excavating Inc., with a base bid amount of \$1,186,156.50. Jason stated staff is also

recommending a 10% contingency for construction mitigation and another 8% for extra work that's deemed necessary during the project. Jason stated an 18% contingency is appropriate for reconstruction in an old town area as there are a lot of unforeseen subsurface issues. Jason stated the 8% is also intended for franchise utilities as sometimes they like to do their own work and it speeds the project up if our contractor can do the work. Jason stated staff is also recommending the design consultant Murray Smith and Associate represents the city as the construction manager and the owner inspector. Jason stated because we just opened the bids we did not negotiate a scope of work and fee as we did not know what the base bid was nor how many hours they would be working on the project, so the 12% we are recommending of the base bid is our assessment for a full time inspector and a part time construction manager. Jason stated this is an industry standard and staff's experience in order to have someone out there full time. Jason offered to answer questions.

Ms. Folsom asked regarding the engineers estimates that originally set the bids and asked where are we significantly different from what the lowest bidder provided. Jason replied staff went over their bid items and they were in line with several of the others and they may have cut out profit in certain locations and said the high bid was at about \$1.7 million and the average bid was \$1.4 million and said there wasn't as much discrepancy as we had on the Oregon-Adam's Ave. project. Jason gave an example of a project in Tigard being half as much as the engineers estimate and said this one is a bit closer to the engineers estimate.

Ms. Folsom asked regarding the loan to the URA being repaid from funds when they become available.

Tom Pessemier replied the money for this project is coming from a loan, he believes a 2006 OECD loan and all the moneys will be transferred into the street fund and paid from the street fund and the loan commitment is paid back from the Urban Renewal and the tax increments that comes into the city through that. Tom stated there are some other small funds from sewer and storm work, but virtually all the money is coming from the Urban Renewal Agency.

Mr. Butterfield stated the percentages didn't look right to him with 10% for construction and another 8% in case of, and then we are paying 12% to an engineering firm to do our construction management, design and engineer the project. Mr. Butterfield stated he doesn't understand why we did not go out for a design-build. Jason replied design-build requires an exemption for public contracting law, we typically design the project and bid the project and build the project and said there's other options we can do; construction manager, general contractor, but we typically do that on building projects and said this is the manner in which we've done every transportation project he has been involved with here at the city.

Mr. Butterfield stated he is concerned that we are not going to be doing what our intent is by staying involved and staying in charge of the project. Jason replied we work hand-in-hand with the construction manager and said he is still the project manager at the front line and these are the guys that put together the paperwork and process change orders, and we approve everything that is coming through and are at every meeting. Jason said he cannot dedicate 40 hours a week to this project, and said we could hire someone but that would take another year, that's why we hire consultants and said we did this on the Phase A project.

Mr. Butterfield stated he just sees an extra layer of management payments that he does not understand. City Engineer Bob Galati came forward and said the way we have this setup is similar to Adam's Ave., we hired a consultant engineer to run the project as our eyes and ears on the ground during the construction project that is what they are geared for. Bob stated the overall responsibility, the control, the authority to make things happen, to make changes, stays with us. Bob stated they are the middlemen who takes the information that comes in and hands it off to us on what's happening on a day to day basis and provides their recommendation and we make the decision. Bob stated we don't have the staff to do a project like this when we have other projects in house and said we've done this in the past with Adam's Ave and the ARRA project which was the paving of Sherwood Blvd.

Tom Pessemier added that a number of years ago it was decided, as almost all cities in the areas have, is not to keep on staff a lot of extra engineering people because we do a lot of diverse types of projects and to cut down to a minimum the amount of engineer staff we need to get the project going and when we have a large construction project we then backfill with outside services. Tom stated it's more expensive for that particular project but you get a more specialized set of skills for that project as well as you're not paying staff time when projects aren't going on that they don't have the expertise in. Tom stated he believes the County retains engineers on staff and most other jurisdictions do it the way we do.

With no other questions or discussion, Chair Mays asked for a motion.

**MOTION: FROM MS. LINDA HENDERSON TO ADOPT URA RESOLUTION 2012-025, SECONDED BY MR. MATT LANGER**

Mr. Butterfield added he wants to make sure we maintain control of the project.

The City Recorder reminded the Board of the need to amend the resolution to include bidder name and dollar estimate of bid.

Ms. Henderson withdrew her motion and Mr. Langer withdrew his second.

Chair Mays asked for a motion to amend URA Resolution 2012-025.

**MOTION TO AMEND: FROM LINDA HENDERSON TO AMEND URA RESOLUTION 2012-025, TO READ ON THE LAST WHEREAS TO INCLUDE K&E EXCAVATING INC. AND THEIR BASE BID OF \$1,186,156.50 AND AMEND THIS INFORMATION UNDER SECTION 1, SECONDED BY MR. MATT LANGER. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.**

Chair Mays asked for a motion on the amended resolution.

**MOTION: FROM LINDA HENDERSON TO ADOPTED URA RESOLUTION 2012-025 AS AMENDED, SECONDED BY MR. DAVE GRANT. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.**

Chair Mays addressed the next agenda item.

**B. URA Resolution 2012-026 Approving City Manager recommendation to demolish the structure known as the Machine Works Building and terminate the CMGC process and construction agreements or contracts related to the renovation of the existing building**

City Manager Joe Gall stated he would explain his recommendation and then ask Tom Pessemier to provide information on the CMGC process. Mr. Gall stated approximately three weeks ago he had an opportunity to tour the building for the first time along with Tom Pessemier and City Engineer Bob Galati and while in the building they noticed major structural damage to one of the wooden trusses, something they had not seen before, not a new issue that was present when the building was purchased and something that has occurred in the last few months. Mr. Gall stated we immediately got the truss shored-up so the roof would not cave in. Mr. Gall stated earlier last week City Engineer Galati was in the building and noticed two additional trusses were also starting to deteriorate and said with the one major truss breaking there was an additional load on the other trusses in the building. Mr. Gall stated the trusses are approximately 45-50 years old and the life span of a truss is about 45-50 years and said we don't know what caused this and could speculate water damage, rot, or the life span of the wooden trusses. Mr. Gall stated as the Board is aware we have been evaluating anyway, regardless of the structural damage, whether or not it still made sense to renovate this building or to demolish it and start from scratch with a new building. Mr. Gall stated this is the decision we were going to look at next month in terms of what direction we wanted to go. Mr. Gall stated the fact that the building is deteriorating more rapidly and the Building Official did declare the building as dangerous and said he (the building official) informed him, the City, as the property owner that we have to repair the structure or demolish the structure.

Mr. Gall stated his recommendation to the Board is to demolish the building and terminate the CMGC and said Tom Pessemier can answer questions regarding this process and said basically we are taking a new direction with this project and we are still committed to the Community Center and said he doesn't think it makes sense professionally to continue to put money into a building that is probably going to cost more money, both in the short term and long term and it has probably exceeded its life span.

Assistant City Manager Tom Pessemier stated if a decision is made based on the recommendation to demolish the building, the CMGC process would not be necessary to follow through with. Tom stated the Construction Management General Contractor process which was previously approved to reconstruct the building, staff would be looking to finish up that process and work with R&H Construction on any outstanding contracts we have with them or anything else with regards to that project. Tom stated it would also make sense to start putting together the next phase of the Community Center which would be the design of a new building and things associated with that. Tom stated also in here is the authorization to start with that and working on contract stuff for a new building to serve as a Community Center.

Chair Mays stated he appreciates staff bringing this to the Board and commented regarding the timeline and costs of a center coming in differently than expected, and deciding what is better, to remodel or rebuild. Chair Mays stated this process took time and explained the various obstacles of hiring a new City Manager and dealing with the weather and now taking this step as recommended by the City Manager. Chair Mays stated as indicated in the work session, if we are able to get a new building for a less than 10% difference from a remodeled building it will benefit the community for a much longer period of time and with lower maintenance risk to the structure.

Chair Mays asked for other questions or comments from the Board.

Mr. Butterfield stated he concurs with the staff recommendation to demolish the building and said he has been in favor since day one.

Ms. Folsom thanked staff, Tom Pessemier and City Manager Gall, and stated she wanted the citizens to know we are working very hard to do it right and although it's frustrating due to the time involved, but it's better than doing it wrong. Ms. Folsom thanked Mr. Butterfield for volunteering his expertise and time to help understand this project better.

Ms. Henderson asked City Manager Gall what will the process be like if the Board authorized him to move forward with the demolition. City Manager Gall replied, the process to demolish due to the nature of the building and the damage, as we currently have a safety issue, we've been working with structural engineers and a consultant to shore-up the building. Mr. Gall stated the building has asbestos and other things that need to be dealt with properly and there are safety issues for whoever ends up being the contractor that demolishes the building. Mr. Gall stated its likely that it will not be able to be demolished for 1-2 months and the immediate need is to shore-up the building, and this process was started today. Mr Gall stated security fencing will go up around the building to keep the public away and hopes this will be done by this Saturday to make the building safe. He stated once it is safe the demolition process will begin. He stated the public will see construction to shore-up the building and commented about recent snowy weather and not wanting the building to collapse under the weight.

Chair Mays commented regarding the 3 feet of snow we received a few years back and the potential damage of this weight.

City Manager Gall stated once the building is stabilized we can move forward in the proper manner to demolish.

Chair Mays confirmed that staff will bring back information to the new council on the next steps for the design. Mr. Gall confirmed.

With no other comments or questions the following motion was received.

**MOTION: FROM LINDA HENDERSON TO ADOPT URA RESOLUTION 2012-026, SECONDED BY MS. ROBYN FOLSOM. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.**

Chair Mays addressed the next agenda item and asked the City Recorder to read the public hearing statement.

## **6. PUBLIC HEARING**

### **A. URA Resolution 2012-027 Adopting a Supplemental Budget and making appropriations**

Finance Director Craig Gibons explained this is the second half of the supplemental budget as the City has worked on the first half. He stated it contains changes in appropriations for five purposes and explained them as: 1) It creates revenue and expenditure appropriations to support the bond refinancing that we did earlier this year, adds \$5 million in revenues and \$5 million in expenditures for that transaction; 2) It increases personal services in the URA, primarily due to the involvement of more staff on the issues we have been dealing with for the past 6 months; 3) legal costs due to

the issues we have been dealing with, increasing authorizing for legal expenditures; 4) A transfer to the Storm System Fund to fund the capital project that was budgeted for last year but not completed and is now being completed this year; 5) we need to transfer fund balance from the General Fund of the Agency to the Construction Fund of the Agency, so we can pay for things that are not reimbursable by the loan that we have for the Cannery Project.

Chair Mays opened the hearing to receive testimony. No testimony was received and Chair Mays close the hearing.

Chair Mays asked for Board questions and stated it is straightforward and commented regarding reviewing it in detail with the budget committee and having their support in advance of tonight.

With no other comments received the following motion was stated.

**MOTION: FROM KRISANNA CLARK TO ADOPT URA RESOLUTION 2012-027, SECONDED BY ROBYN FOLSOM. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.**

Chair Mays addressed the next agenda item.

**7. STAFF REPORTS:** None

**8. ADJOURN:**

Chair Mays adjourned the meeting at 8:20 pm.

Submitted by:

  
Sylvia Murphy, CMC, Agency Recorder

  
~~Keith S. Mayo, Chair~~  
Linda Henderson, vice chair